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PP RUEHBI
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FM AMEMBASSY DHAKA
TO RUEHC/SECSTATE WASHDC PRIORITY 5759
INFO RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY
RUEHLM/AMEMBASSY COLOMBO 8211
RUEHIL/AMEMBASSY ISLAMABAD 1942
RUEHKT/AMEMBASSY KATHMANDU 9419
RUEHNE/AMEMBASSY NEW DELHI 0351
RUEHCG/AMCONSUL CHENNAI 0937
RUEHKP/AMCONSUL KARACHI 0326
RUEHBI/AMCONSUL MUMBAI 0273
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C O N F I D E N T I A L SECTION 01 OF 02 DHAKA 001910

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DEPT FOR SCA/PB, S/CT, EEB/ESC/TFS
DOJ OPDAT FOR LEHMANN

E.O. 12958: DECL: 12/09/2015
TAGS: EFIN PTER PREL PGOV KCRM KTFN SNAR BG
SUBJECT: ANTI-TERRORISM LEGISLATION FACES HURDLES,
THREATENING DELAY IN BANGLADESH'S EGMONT ADMISSION

Classified By: CDA a.i.Geeta Pasi, Reasons 1.4(b) and (d)

¶1. (C) Summary: Prepared with USG assistance, a series of
amendments that would strengthen Bangladesh,s Anti-Money
Laundering (AML) Act and a draft Anti-Terrorism Act (ATA) are
being held up in the Law Ministry, in contravention of
instructions from the Chief Adviser that they be enacted by
the end of December. Passage of the AML amendments and a
resolution of problems with the ATA are needed by December in
order for Bangladesh to cross the initial hurdle of admission
into Egmont, the international body of Financial Intelligence
Units (FIU). Failure to pass the legislation would
temporarily derail Bangladesh's efforts to join the
prestigious organization. Over the longer term, failure to
pass the laws could also cause a problem when the G-8's
Financial Action Task Force (FATF) assesses the country's
progress on building an anti-money laundering and terrorist
financing regime in November 2008. Law Adviser Mainul Hosein
is opposed to the creation of a terrorism-specific law. As
an alternative, policymakers are debating incorporating
measures of the ATA into existing legislation. Despite the
bureaucratic wrangling, senior officials assure us that the
legislation will pass. End Summary.

¶2. (C) Bangladesh passed an Anti-Money Laundering Act in
2002, but it failed to provide comprehensive definitions,
adequate numbers of predicate crimes and mechanisms for asset
recovery. New draft amendments remedying these and other
deficiencies, prepared with assistance from the U.S.
Department of Justice (under a State Department-funded
Resident Legal Advisor program), has been presented to the
Council of Advisers and is under review by the Law Ministry.
Contacts at Bangladesh Bank, the country,s central bank,
have reported that these amendments are ready to be enacted
by the Council of Advisers.

¶3. (C) Bangladesh has no law criminalizing terrorism or
terrorist financing. In 2006, an Anti-Terrorism Act (ATA) was
drafted, but was shelved by the BNP government. The 2006
draft was adequate to meet basic international standards, but
key provisions were missing regarding information sharing
that is required under international conventions. One of the
reasons the act was shelved in 2006 is that the GOB was
reluctant to undertake any obligation that might require
intelligence sharing with India.

¶4.   (C) The Chief Adviser assured the CDA a.i. on November

15 that the caretaker government will pass an Anti-Terrorism
Act and amendments to strengthen Anti-Money Laundering Act by
December. This is a message that he has conveyed to other
COMs as well, although the Law Secretary has since told the
Embassy that the legislation will not pass until January
because Cyclone Sidr upended government timetables. Embassy
contacts in the Law Ministry, which is responsible for the
legislation, reported that the Chief Adviser personally has
requested status reports on where the legislation stands.

¶5.   (C) Despite high level assurances, Law Adviser Mainul
Hosein has stated several times over the last few months)
most recently on November 12) that he does not see the
necessity for an anti-terrorism law. (Comment: Hosein is
often out of step with his fellow Advisers, and comes in for
frequent criticism by observers inside and out of the
government). In Hosein,s opinion, terrorism cases should be
handled under the existing criminal code. He has said that
anti-terrorism legislation would be bad for the country's
image and make it appear that it was battling a terrorism
problem. He also stated that such legislation also had
anti-Islamic undertones, which would not sit well with the
public.

¶6. (C) Passage of this legislation is required for
Bangladesh to meet the initial threshold for admission into
Egmont, the organization of 108-member countries' Financial
Intelligence Units (FIU) that share financial data with one
another to track illegal assets or terrorist financing.
Quick action is important because the lengthy and demanding
Egmont process takes about six months; the Egmont committee
is scheduled to make its annual decision on membership in
June 2008. While there are other requirements that
Bangladesh must meet to become an Egmont member, passage of

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these two laws is the first step in the process. If these
two laws are not passed and ready for Egmont review,
Bangladesh will have to wait at least another year for
admission.

¶7.   (C) Part of the caretaker government,s interest in
Egmont membership likely is due to the access it would have
to secure databases of financial information from the 108
Egmont countries, which are bound to help each other in
tracking suspicious transactions or known illegal proceeds
through their respective financial systems. With its
anti-corruption drive in full swing, the GOB is having
difficulty in tracking overseas assets to prosecute corrupt
suspects. The media report that the government has its eye
on tens of millions of dollars that government investigators
say corrupt officials and businessmen salted away in overseas
bank accounts and property, including in the United States.

¶8. (C) Egmont membership aside, Bangladesh, as a signatory to
UN conventions on terrorism and as a member of the Asia
Pacific Group, the regional FATF organization, is obligated
to pass laws criminalizing terrorism and terrorist financing.
 A review of Bangladesh,s implementation of its FATF
commitments is scheduled for late 2008. If the review finds
that Bangladesh is not adequately meeting FATF provisions,
FATF could decide to impose sanctions. Among these sanctions
is the ability to place a country on a watch list, which
requires other nations to examine in a more detailed fashion
all/all financial transactions going into or out of the
listed country. This measure has serious ramifications for a
listed country,s economy.

Comment

¶9.   (C) The delay in passage of this legislation is
symptomatic of the caretaker government,s dysfunctional
decision making process. Despite agreement from the Chief
Adviser, the Army Chief, and other senior officials, a small
group of naysayers have been able to stall passage of the

legislation. We hear that the Law Ministry is looking for other laws in which to place provisions of the draft 2006 Anti-Terrorism Act (ATA) that would define and criminalize terrorism and terrorist financing. Under the current caretaker government, the council of advisers can pass legislation as ordinances, which would need parliamentary confirmation once an elected government and Parliament is in place. The thinking in this case is that if the anti-terrorism provisions and anti-money laundering amendments can be passed as ordinances, paving the way for Egmont membership, then the government that succeeds the caretaker government would have an additional incentive to commit to these important pieces of legislation.

¶10. (C) If Bangladesh fails to pass the laws or fails to continue to beef up its anti-money laundering/terrorist regime, there could be trouble when FATF comes to do its assessment in November 2008. Failure to resolve these issues in the next month would be a setback in Bangladesh's efforts to track and seize assets and sit at the Egmont table, and send a signal to the international financial community its commitment to fighting terrorist financing and money laundering. We will continue to press on this issue.
Pasi